Distribution System (PDS) to various States/Union Territories, including Orissa, was reduced every year beginning 2001-02 and 2004-05, taking into account the number of LPG connections released in each of the States/Union Territories. The State Government of Orissa has made a request for the allocation of PDS SKO on the basis of uniform per capita availability in all States.

In view of the requests received from various State Governments for increasing the allocation, the Government of India have commissioned the first-ever detailed study of Kerosene demand in the country, through the National Council of Applied Economic Research (NCAER) in December 2004. The final report of NCAER is expected by September 2005.

Pending the report of NCAER, and taking a view thereupon, allocations have been maintained for the year 2005-06, at the level of 2004-05, including additional allocations made during that year to meet emergency/urgent demands for PDS Kerosene in States/Union Territories. The decision about rationalizing the allocation of PDS kerosene among States/Union Territories would be taken after examining the NCAER report.

Sub-wholesalers for kerosene in Karnataka

1697. SHRI K.B. KRISHNA MURTHY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the State Government of Karnataka has requested the Central Government to drop the proposed introduction on sub-wholesalers for kerosene;

(b) if so, what are the reasons given by the State Government to drop the above move; and

(c) the action, if any, taken in this regard?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) The Government have approved an innovative pilot project of the Ministry of Petroleum and Natural Gas for radically revamping the PDS kerosene distribution network with the primary objective of ensuring that this heavily subsidized product is actually made available in the required quantities at subsidized prices to the intended beneficiaries;

and secondly, to this cap, reverse and eventually eliminate the diversion of PDS, SKO for adulteration. The pilot project is to be implemented in upto 10% of the block of the country for a period of six months. Thereafter, the working of the scheme would be independently assessed and, based on the experience gained, Government will consider scaling up the scheme to cover the entire country.

This scheme provides, *inter-alia*, for setting up of sub-wholesalers between the wholesalers and retailers with a view to strengthening the distribution network.

(b) The Karnataka State Government have *inter-alia* communicated that if this scheme is implemented, the extra sub-wholesale point would come into being and, as a result, commission and transportation charges would be an extra burden on the consumer. This would mean additional burden on the already inadequate supervisory machinery at the District/Taluk level. At present, PDS kerosene is being transported from oil company terminal to wholesale point and from wholesale to the retail outlets by the wholesalers, the cost which is built into the retail selling price. The appointment of sub-wholesalers would lead to creation of another level, which would add to the diversion. It would be better if the existing system in Karnataka is adopted and improved by entrusting the transportation of the kerosene oil to the companies right up to the retail points or, in other words, ensure delivery system for kerosene oil. This would result in savings in costs besides avoid diversion.

(c) The suggestions of the State Government are being examined.

Agreements on import of oil and gas

1698. SHRI MANGANI LAL MANDAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that an agreement was signed between Oman and India in September, 1994 for the import of natural gas and a Memorandum of Understanding was signed between Iran and India in July, 1993 and thereafter in November, 1993 again;

(b) whether it is also a fact that an understanding has been reached again in 2005 between Iran and India for importing gas and the proposal exists for importing gas from Bangladesh and Myanmar also; and